

**Summary of Consolidated Purchasing  
Arrangements, Shared Service Arrangements and  
The Efforts of School Corporations to explore  
Cooperatives, Common Management,  
Or Consolidations as reported  
By Education Service Centers and School Corporations  
For the 2009-2010 school year**

**Indiana Department of Education  
September 22, 2010**

## *Introduction*

In accordance with I.C. 20-42.5-3-3, the State Board of Education is required to submit a report no later than November 1st of each year to the state superintendent, governor, and the Indiana General Assembly concerning:

- 1) Consolidated purchasing arrangements used by multiple school corporations, through educational service centers, and throughout Indiana;
- 2) Shared service arrangements used by multiple school corporations, through education service centers, and in Indiana as a whole; and
- 3) The efforts of school corporations, to explore cooperatives, common management, or consolidations.

The Department of Education conducts the annual survey and collects and reports the data supplied from public school corporations and education service centers. The time frame for collecting data for schools and education service centers is the same and the information is based on 2009-2010 school year. Summary information provided on both surveys is included in the framework of this report. Surveys covered the three required statutory elements of consolidated purchasing arrangements, shared service arrangements, and efforts of school corporations to explore certain areas, and the results are analyzed in separate sections.

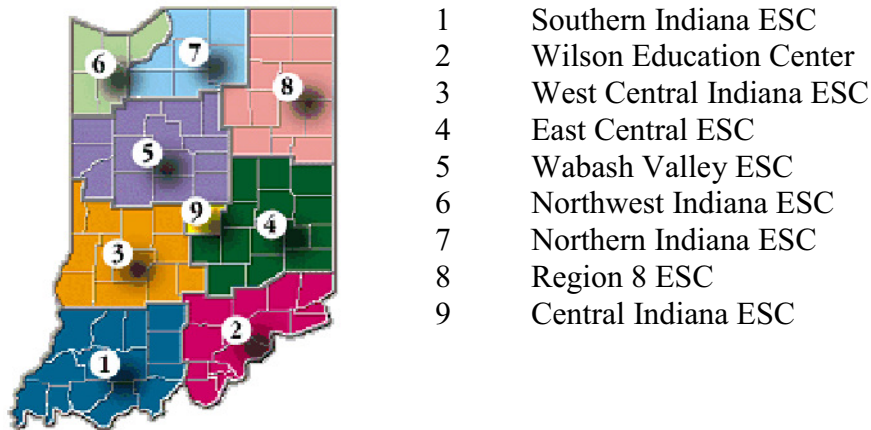
## ➤ **EDUCATION SERVICE CENTER SURVEY RESULTS**

### *Education Service Centers (ESC)*

Educational service centers are organized in a nine-region structure (see diagram below) that serves the needs of its 270 member school corporations, 11 charter schools, and other associate members by providing core services such as educational planning, project piloting, commodity buying, media and technology services, as well as providing professional development opportunities. ESCs support and facilitate actions by school corporations through a wide range of products and services, which enable members to realize dollar savings through volume discounting. Service centers enable cooperative purchasing, and service sharing activities as well. Identified savings can be translated into additional available dollars for classroom instruction and instructional activities. This structure allows school corporations the opportunity to offer cooperative and shared programs and services that it may not be individually able to provide but can collectively provide through the Education Service Center.

ESCs are funded through a state appropriation within the Indiana Department of Education's budget and are eligible to set membership fees, administrative fees, and develop other self-generated income activities, such as grant writing and entrepreneurial programs. Membership in an ESC is not mandatory, but voluntary, for school

corporations, with the average membership fee at \$4.25 per ADM and a range of \$3.50 to \$5.00, compared to the minimum required fee of \$3.00 per ADM. The Indiana General Assembly determines the minimum required fee as part of the biennium budget.



With today's economic climate, it is imperative that school corporations find ways to direct additional dollars into instruction and instruction related activities. Education Service Centers actively recruit new membership in order to reduce costs to schools that may be working independently to make purchases or provide services. (See Service Center Membership by Region below) By helping corporations realize economies of scale, the service centers are helping school corporations, charter schools, and private schools become more efficient and effective in their efforts to direct monies to the classroom.

ESCs regularly survey their membership in an effort to identify potential service needs and then use that information to research the feasibility of piloting and/or offering those services to member schools. This report will touch on some of these efforts as both the ESCs and corporations continue to seek ways to save money and provide valuable services and/or programs.

Through cooperative and shared services, ESCs can assist school corporations with offering, supplementing, equalizing, and supporting their initiatives and activities in a school district that may not be able to provide supplemental programs and services to its students without these arrangements.

<b>Service Center Membership by Region</b>			
<u>School</u>	<u>Corps</u>	<u>Charters</u>	
33	0	1	Southern Indiana ESC
27	1	2	Wilson Education Center
23	1	3	West Central Indiana ESC
45	0	4	East Central ESC
36	1	5	Wabash Valley ESC
23	7	6	Northwest Indiana ESC
32	1	7	Northern Indiana ESC
33	0	8	Region 8 ESC
18	0	9	Central Indiana ESC
270	11		Total Membership
Table 1 Public School Corporation & Charter School Membership by Region			

### **Role of the ESC in Consolidated Purchasing and Shared Services**

Educational Service Centers actively assist, support, and facilitate procurement activities for school corporations by removing much of the administrative overhead involved with specifications writing, advertising, bidding, evaluating, and awarding products through the use of ESC cooperative agreements.

Each task in the bidding and procurement process carries significant costs to school corporations in terms of time, staff, and financial resources and this is particularly true for smaller school districts. When ESC's services are utilized, the resulting monetary savings can translate directly into increased dollars available for the classroom.

In this year's survey, it was reported by ESCs that they jointly supported 270 public school corporations, 11 charter schools, multiple private schools, and 1 state-operated school with cooperative purchasing practices. The result is 92% of public school corporations belong to an ESC. Total ESC membership to date is 347 entities, of which over 78% are publicly funded school corporations. Membership has increased by fourteen schools since last year's report. Additionally, ESCs provided supplemental services and programs that directly affected achievement in the member 796,261 students by providing learning opportunities for students or in-service opportunities for the member educators. If private schools, parochial schools, and other governmental entities participate in cooperative purchasing through the ESCs, the data generated from the school is included in the report.

### *ESC Accomplishments in 2009-2010*

This year, the ESCs have assisted school corporations and student learning by:

- Implementing the Supplemental Education Services program statewide in 106 Title I elementary schools not meeting AYP. These schools represented 66 school corporations and 1 charter school. The ESCs hired local teachers outside the master contract to provide 44 hours of tutoring in reading and math.
  - Statewide results in reading reflected a 14.77% increase in word recognition; a 21.88% increase in word fluency; a 30.77% increase in comprehension; along with a 30.0% increase in math;
- Implementing the Indiana Department of Education initiatives by providing professional development for teachers to improve learning in reading through the Indiana Teacher Reading Academy, Science (ISTEM), and Math;
- Implementing a statewide bus bid where 121 school corporations purchased 380 schools busses;
- Implementing the use of a statewide video streaming project that made web sources available to member schools and improved the use of technology with ESCs and member schools. Teachers downloaded 237,215 streams from the web in enhanced learning;
- Working on models for in-serving building administrator in the new teacher/administrator evaluation process; and
- Continuing to focus on growing membership to further enhance efficiencies and economies of scale with consolidated purchasing and shared services for members. The report shows a 14% increase in cooperative purchasing from the prior year.

### *Questions 1 & 2 - ESC Consolidated Purchasing Efforts*

**Question 1** – This question inquired whether or not Education Service Centers entered into consolidated purchasing arrangements on behalf of multiple schools or charter schools.

There was one new member joining Education Service Centers in 2009-2010, bringing the total to 270 members overall. All but 23 public school corporations are members of an Educational Service Center.

**Question 2** – This question asked Education Service Centers to provide a listing of such consolidated purchasing arrangements to include the commodity or item purchased, volume (if known), participating school corporations or charter schools, and estimated savings realized.

As reported, \$201,986,047 was purchased through the combined ESC model for 2009-2010. For 2008-2009, total dollar volume was \$177,163,492. The result is a 14% increase over last year's figure. The top five Educational Service Centers reporting sales and increases from 2009 to 2010 were East Central ESC with purchases of \$19,380,123

representing a 59% increase since last year; West Central IN ESC with purchases of \$14,836,750 representing a 29% increase in purchases; Region 8 ESC with \$17,180,594 in purchases representing a 23% increase; and Southern IN ESC with purchases of \$6,921,945 representing a 11.9% increase and Northern IN ESC with \$10,916,927 in purchases representing a 17% increase. The largest decrease in purchases was Northwest IN ESC with a 25% decrease from 2009 to 2010. The majority of all purchases came from Central IN ESC representing 38.7% of the total of \$201,986,047.

The top five categories of purchases were:

Health Insurance	\$60,032,200
Food Services	\$35,596,209
School Bus Purchases	\$32,320,089
Information technology	\$22,058,060
Apple Computer	\$12,587,886

Other collaborations were in the area of dairy, bulk fuel, asbestos re-inspection, notification software, liability and worker's compensation, open items, 2<sup>nd</sup> grade laptop, bakery, commodity food, fire safety, waste disposal, cellular phones, natural gas, life insurance and LTF insurance.

All ESCs reported purchases in the areas of liability and worker's compensation, school bus purchases and software. These three areas comprised 18.43 percent of the total purchases. Some areas noting fewer purchasing activities included bulk fuel, asbestos re-inspection, notification software, 2<sup>nd</sup> grade laptops, life insurance, fire safety, waste disposal, cellular phones, and LTD insurance. Together these areas were 2% of the total purchases made.

For the 2008-2009 survey, the total ADM count for members was 780,395 resulting in total purchases per student of \$227.02. The highest ADM reported for a service center was at the Central Indiana ESC with total purchases of \$70,595,631, ADM of 173,329 and total purchases per student of \$407.29. For the 2009-2010 survey, the total ADM count for members was 796,261 resulting in total purchases per student of \$253.67. The highest ADM reported for a service center was again at Central Indiana ESC with total purchases of \$78,088,619, an ADM of 180,922 and total purchase per student of \$431.61.

For the 2008-2009 survey, the lowest ADM of 49,231 was reported in West Central IN ESC with purchases of \$11,433,045 and total purchases per student of \$232.23. For the 2009-2010 survey, the lowest ADM of 49,046 was reported in West Central Indiana ESC with purchases of \$14,836,750 and total purchases per student of \$302.51. This area includes the counties of Vermillion, Parke, Putnam, Hendricks, Vigo, Clay, Owen, Morgan, Sullivan, Greene, Monroe, and Brown.

The top three purchase areas for each Education Service Center were the following:

- Southern IN ESC
  - Information Technology at \$1,596,702
  - Health insurance at \$1,250,121
  - School bus purchases at \$892,039
- Wilson ESC
  - School bus purchases at \$3,153,515
  - Information technology at \$2,865,015
  - Liability insurance at \$587,015
- West Central IN ESC
  - Health Insurance at \$8,250,118
  - School bus purchases at \$2,188,639
  - Information technology at \$2,061,933
- East Central IN ESC
  - Health Insurance at \$9,498,898
  - School bus purchases at \$3,449,704
  - Information technology at \$3,181,422
- Wabash Valley ESC
  - Health insurance at \$15,526,416
  - School bus purchases at \$4,237,110
  - Information technology at \$1,858,310
- Northwest IN ESC
  - Food service at \$10,012,562
  - Information technology at \$3,525,275
  - School bus purchases at \$3,215,527
- Northern IN ESC
  - School bus purchase at \$2,544,525
  - Information technology at \$1,895,102
  - Dairy at \$1,706,421
- Region 8 ESC
  - Food Service at \$6,957,123
  - School bus purchases at \$3,048,378
  - Information technology at \$2,795,318
- Central IN ESC
  - Health Insurance at \$25,506,647
  - Food service at \$15,277,091
  - School bus purchases at \$9,590,652

Total purchases for 2009-2010 were \$201,986,047 and total membership fees were \$3,387,215.00 resulting in an estimated savings of \$20,198,604.68. The return on investment was 596% ( $20,198,605/3,387,215$ ).

Consolidating purchasing revenue for all ESCs in 2009-2010 was \$228,481.46 with statewide administration revenue of \$678,652.22, bringing the total to \$907,134. Education Service Center revenue was \$0.29 per student.

The top five revenue sources were:

- Information technology at \$110,290
- School bus purchases at \$38,000
- Food Service at \$18,302
- Copy paper at \$16,124
- Copy machines at \$10,482

Other revenue sources included software, custodial, natural gas, office, art, carpeting, and cart toner ribbon. East Central ESC had \$39,330 in revenue; Central IN ESC had \$29,452; Northern IN ESC had \$28,761; Wilson ESC had \$28,406; Northwest IN ESC had \$28,128; Region 8 ESC had \$22,728; Wabash Valley ESC had \$22,524; East Central IN ESC had \$16,280; and Southern IN ESC has \$12,872 in revenue.

Statewide administration revenue was \$562,632 from Wilson ESCC; \$57,696 from Northwest IN ESC, \$38,000 from Central IN ESC; \$11,229 from West Central IN ESC; and East Central ESC at \$9,096. East Central ESC bid origination fee for software sales was 1%, or \$9,096. Central IN ESC bid origination fee for statewide bus sales was \$100 per bus, or \$38,000. West Central ESC bid origination fee for food bids for ESCs (Southern, West Central, East Central and Wabash Valley) was 5% or 11,229. Wilson ESC bid maintenance and origination fee for all IAESC procurement except the Northwest IN ESC computer sales bid origination fee, was 0.5% or \$124,754 and for maintenance 1.2% for \$437,878. Lastly, Northwest ESC bid origination fees for statewide computer sales was 0.5% for \$57,696. Overall, the two top areas for revenue were information technology and school bus purchases.

### *Questions 3 & 4 - ESC Shared Services Efforts*

*Question 3* – The question asked Education Service Centers if, during the last twelve months, the Service Center entered into any shared service arrangements on behalf of multiple school corporations or charters schools.

*Question 4* – Asked Education Service Centers to provide a listing of shared services arrangements among school corporations or charter schools, including the kind of the shared service, the school corporations involved, and an estimate of savings realized from this arrangement.

In 2009, 40 categories of shared services were reported, which reflected the same number reported in 2008. For 2010, there were 42 shared service opportunities offered by the Educational Service Centers. There were many categories of shared services, which provided different results depending on the program. Shared Services and Explored Services cannot be quantified to a single denominator. Both areas represent a large group of unlike activities (some school corporations, school wide versus, or individuals alone) and opportunities that enhance the quality of student learning. Although the shared service category is hard to quantify, many school administrators find this is the area of greatest value in being a service center member.

The top five areas of shared services were:

- Learn 360 at 237,215, representing the number of items streamed
- Media Services at 30,116, representing orders from schools for classroom materials.
- E-Procurement orders at 18,467, representing the number of e-procurement orders.
- PD Attendees at 16,406, representing the number of staff days for professional training.
- Professional Growth Points at 13,599, representing the number of points earned (staff multiplied by clock hours)

The top five Educational Service Centers shared service totals were:

- Northwest IN ESSC at 66,189
- Central IN ESC at 63,130
- Region 8 ESC at 49,570
- Wabash Valley ESC at 46,514
- Wilson ESC at 31,168

Other shared service opportunities included Domain Network Service (DNS) hosting; web hosting; Web based services, utilization of inter library loan through the State Library; network Security (Firewall); Distance Learning (schools that share programs); Reading Recovery (number of teachers receiving continued contact instruction); and IN Online Courses (high school students taking online classes). The bottom three Shared Service Categories were Job Fair, Network Security, and Custodial Program.

#### *Questions 5 & 6 - ESC Shared Services Efforts*

*Question 5* – This question asked whether a Service Center explored cooperating purchasing, shared management services, or consolidations on behalf of school corporations or other charter schools.

The Explored Services area represents a group of unlike activities and opportunities that is driven by members. An Explored Service is an activity or service that the Educational Service Center explores the value of for members either to purchase or share. If interest is expressed or a potential benefit exists, the Educational Service Centers will offer the activity or opportunity as a shared service or consolidated purchase in the following year, in this case 2011.

All nine service centers explored cooperative purchasing, shared management services, or consolidations on behalf of school corporations. The top areas of interest to members were On Demand Video- Learn 360 with 153; Wind Farms for energy savings/revenue at 95; Emergency Calling Services at 89; Utility Auditing, Russ Grant (coordinate grant writing), and Third Party Food Services at 83. The least explored areas of interest to school corporations were document management, third party web pages, Aver media/Aver Pen, and Asterik phone system.

Southern IN ESC utilized 684 explored services with Wabash Valley ESC at 664, Region 8 ESC at 136; Wilson ESC at 120; and Northwest Indiana ESC at 92. The overall total of explored services for all ESCs was 1,890.

**Question 6** – This question asked for a listing of activities pertaining to cooperative purchasing, shared management services, or consolidations to include the nature of the activity and the school corporations or charter schools involved.

<b># Requested</b>	<b>Item Requested</b>	<b>Educational Service Centers Involved</b>
6	Fiber Deployment	Wabash Valley ESC
43	Shipping Consortium	Wabash Valley ESC
13	I-STEM	Northwest IN ESC
7	ENA	Northwest IN ESC
13	Data Protection	Northwest IN ESC
13	Consolidated Data Storage	Northwest IN ESC
15	Vide Conf Shared Classes	Northern IN ESC
5	Aver Media Aver Pen	Northwest IN ESC
5	Asterik Phone System	Northwest IN ESC
8	Ice Melt Rock Salt	Northern IN ESC
18	International Education	Central IN ESC
18	Student IEP	Central IN ESC
43	Video Conf. Training	Wabash Valley ESC
48	Video Conf. Meeting	Wabash Valley ESC, Northern IN ESC
43	Off-site Backup	Wabash Valley ESC
153	On Demand Video- Learn 360	Wabash Valley ESC, Southern IN ESC, W. Central ESC, Northwest ESC, Region 8 ESC
83	Staff Application Service	Wabash Valley ESC
24	Online Credit Recovery	West Central ESC
40	Online Teacher Recruiting	Southern IN ESC
43	Interactive Whiteboard	Wabash Valley ESC
2	Document Management	East Central ESC
1	Third Party web pages	Northern IN ESC
40	Student Management Systems	Southern IN ESC
95	Wind Farm	Southern IN ESC, W Central ESC, Wabash Valley ESC, NW IN ESC, Northern IN ESC
40	0% Construction Bonds	Southern IN ESC

83	Energy Audits	Southern IN ESC, Wabash Valley ESC
40	Cafeteria Records Software	Southern IN ESC
49	IN Bond Bank for Buses	Southern IN ESC
40	Prescription Management	Southern IN ESC, Northern IN ESC
46	Data Warehouse	Southern IN ESC, Wabash Valley ESC
60	Substitute Provider Service	Wilson ESC, East Central ESC, Wabash Valley ESC, Northern IN ESC
83	Utility Auditing	Southern IN ESC, Wabash Valley ESC
89	Emergency Calling Services	Southern IN ESC, Wabash Valley ESC, Region 8 ESC
64	Risk Management	Southern IN ESC, W. Central ESC, Wabash Valley ESC, Northern IN ESC, Region 8 ESC
43	Curriculum Standards Audit	Wabash Valley ESC
40	Tech. Recycling	Southern IN ESC
45	Online Drivers Education	Southern IN ESC, NW IN ESC
45	Streaming Video Service	Wabash Valley ESC, Northern IN ESC
81	Background Checks	Southern IN ESC, Wilson ESC, Wabash Valley ESC
36	Natural Gas	Wabash Valley ESC, NW IN ESC, Region 8 ESC
83	Russ Grant	Wilson ESC, Wabash Valley ESC
43	Online Teacher Training	Wabash Valley ESC
83	Third Party Food Service Bid	Southern IN ESC, Wabash Valley ESC
6	Outsourced Custodial	Wabash Valley ESC
6	Bus Maintenance Sharing	Wabash Valley ESC
6	Distr. Office Sharing	Wabash Valley ESC

## ➤ SCHOOL CORPORATION SURVEY RESULTS

### Introduction

This part of the report analyzed Indiana school corporations' use of consolidated purchasing arrangements, shared services arrangements, and efforts to explore cooperative purchases. The Department posted a survey consisting of 5 multi-part questions asking respondents to answer whether or not they had undertaken any of the individual opportunities listed. If they responded with a yes, they were asked to provide information concerning the activity and possible savings realized from the activity. The questionnaire addressed the same 3 areas targeted in the education service center survey of purchasing, shared service practices, and efforts to further explore purchasing or

service options. School corporations were asked to respond with information about activities that were undertaken *excluding* activities through education service centers.

Approximately 74% of Indiana's school corporations and charter schools responded to the on-line survey. This was an increase in the number responding to the 2008-2009 survey.

### *Question 1 – School Corporations – Member Information*

The first question asked whether or not a school was part of a formal education service center, special education, vocational education, insurance trust, fuel consortium, or energy consortium. If the school corporation was a member of a consortium, the question asked whether there was an ADM or other fee associated with membership.

*Question 1A* – This question asked schools whether or not they belong to a special education cooperative. Of the respondents, 193 replied that they were members in a special education cooperative. Larger school districts, particularly those in Marion County, have a special education population large enough to justify in-house special education programs and services at their facilities.

Costs associated with membership in a special education cooperative varied across the state. Given the wide disparity in dollar amounts per ADM, it was determined that some schools entered the data believing it would automatically include two decimal places, as in prior year reports, and therefore their membership fee per ADM is inflated. School special education membership fees reflected amounts from \$5.00 per member to the thousands. Additionally, some schools paid flat amounts varying from a low of \$250 to a high of \$22,887.

*Question 1B* - The second part of Question 1 asked school corporations and charter schools whether or not they belong to a vocational education cooperative.

Of school corporations, 177, or 81% of respondents, reported that they participated in a vocational education cooperative. The cost of participation in a vocational education cooperative is based upon a per student membership fee developed to cover the operating budget of the cooperative. As a result, membership fees vary widely. Vocational education career centers listed on the responses were Central Nine Career Center, Four County Vocational Co-op, Northern Central Area Vocational Center, West Central Career and Technical, Heartland Career Center, Elkhart Career Center, and Porter County Educational Services among others.

For schools that are a part of a vocational education cooperative, the fee or cost was based on one of the following factors:

- Student enrollment;
- Participation;
- Student classes;

- Tuition, percentage of attendance, assessed value;
- Administrative fee;
- A flat amount per student;
- Actual cost per student;
- Shared costs;
- Cost of teacher salaries; or
- Percentage of cooperative costs.

**Question 1C-** The third part of Question 1 asked school corporations and charter schools whether or not they belong to a purchasing cooperative or education service center.

Of those schools responding, 188, or 86%, reported that they currently are a member of one of the nine regional education service centers. The average fee charged by an Education Service Center was \$3.85 with the high at \$5.75 per ADM for membership. Some schools reported a membership fee in the thousands per student, which likely indicates the total membership fee collected for all students rather than a per student basis. Flat amounts ranged from a low of \$3,753 to a high of \$12,670.

**Question 1D-** The fourth part of Question 1 asked school corporations and charter schools whether or not they were members of an insurance trust. Ninety-four, or 43% of survey respondents, answered they were a member of an insurance trust. The trust could be accessed through an Education Service Center or any organization that pools resources in order to obtain insurance.

For schools that are a part of an insurance trust, the fee or cost was based on one of the following factors:

- A premium;
- Pro-rated fee to each school;
- Shared costs;
- Coverage selected (enrollment and plan);
- Membership; or
- Set up fee to start a trust; or

**Questions 1E and 1F-** The fifth and sixth parts of Question 1 asked school corporations and charter schools to respond whether or not they were a member of a fuel or energy consortium.

Of the responding schools, 105, or 48%, indicated that they purchased fuel through an alliance or consortium. For schools that are part of a fuel or energy consortium, the fee or cost was based on one of the following factors:

- Number of participating school districts;
- Maverick Energy Consulting Fee;
- Natural Gas consumption;
- Usage;

- Agreement with another school;
- Set fee schedule;
- Consultant fee;
- Bid process;
- Negotiated cost with city;
- Flat amount per gallon; or
- Actual cost divided by the number of members.

### *Question 2 & 3 – School Corporation Independent Purchases*

*Question 2* – This question asked school corporations and charter schools whether they have purchased supplies or services independently that are available through a membership in any of the above listed organizations.

One hundred sixty eight schools school officials responded that they purchased supplies or services independently and 50 responded that they do not. All schools have the option to purchase cooperatively or independently.

*Question 3* – If the corporation responded that it purchased products and/or services independently, this question addressed the reasons why it did not use a cooperative purchasing organization. Note that the question was non-specific with regard to either product or service. Respondents were provided the seven selections below:

- Independent buying achieved better pricing
- Availability of brand preference
- Negotiated vendor pricing using ESC pricing
- Contractual obligations
- Availability of teacher packaging service at no additional charge
- Local vendor allegiance
- State QPA

One hundred forty one schools, or 65% of respondents, reported they purchased supplies or services independently and 77, or 35%, responded that they do not purchase independently. In 2009, one hundred forty one schools, or 99%, responded that they achieved better pricing with independent buying.

Ninety-two schools, or 42%, responded favorably to purchasing based on availability of brand preference compared to 102, or 60%, in 2009. Of survey respondents, 99, or 45%, of schools were successful in negotiated pricing with vendors using ESC pricing as a negotiation strategy to achieve better prices than the ESC vendor was currently offering. In 2009, the number was higher at 115, or 68% in this category.

Twenty five schools, or 11%, noted contractual obligations as a reason for purchasing supplies or services independently compared to 193 schools that did not use this option. That is a decrease over last year's response of 31 schools utilizing the option, or 18%.

Seventeen, or 8%, of schools reported that teacher packaging availability was the reason for purchasing from a specific vendor compared to 14% last year. Teacher packing is a service provided by a few vendors that offers large discounts, free shipping, and packing of orders by teacher or classroom upon request. Teacher packaging is a desired benefit by many schools due to lack of staff to receive, sort, and distribute individual teacher orders.

Seventy seven schools responded that vendor allegiance was the reason that they purchased products and services locally at least from time to time. In 2009, 94 schools, or 55%, responded favorably to using vendor allegiance. Often times, vendor allegiance leads to goodwill in the community. Such agreements provide benefits for both the school and the vendor. For some schools not using a local vendor, the result is less monetary or other support from the vendor.

Schools that utilized the State's QPA numbered 77, or 35%, of respondents reflecting a decrease from 2009. In 2009, eighty-two schools, or 48%, used the State's QPA process. Although the State QPA process has been available to all units of state government, historically school corporations have elected to use other processes in lieu of the State QPA system.

Those reasons include:

- Free and reduced shipping costs offset the cheaper unit prices;
- Other purchasing contracts for office supplies;
- Bulk discounts with sponsoring corporation (Goodwill);
- Special price programs for government entities;
- User friendly purchase prices;
- Hospital Purchasing Services through a Michigan based food cooperative buying group;
- Availability of discounts through a corporate sponsor;
- Food commodity consortium;
- Existing contracts for office supplies;
- US Communities – a non-profit, no membership, national government purchasing alliance available to schools and all other units of government; and
- Convenience, delivery terms and/or timing Better quality and pricing available than ESCs

#### ***Questions 4 and 5 - School Corporation Other Consolidated Purchasing Arrangements***

***Question 4*** – This question asked school corporations and charter schools if they have other Consolidated Purchasing or Service Arrangements that are not covered in the above enumerated list.

Seventy eight schools responded that they have other Consolidated Purchasing or Service arrangements that are not covered in the other questions.

**Question 5** - If a school answered “yes” to Question 4, they were asked to mark which other entities or vendors participated in the arrangements.

Forty six schools, or 21%, responded that they have arrangements with other school corporations and twenty nine schools, or 13%, responded that they have arrangements with other governmental entities. In 2009, thirty four, or 20% of those surveyed, stated they used other governmental sources and forty eight, or 28% of those surveyed, stated they used other corporations.

Of those schools responding yes to question 4, schools had agreements with the one or more of the following:

- Shared staff to saving hiring additional full-time personnel;
- US Communities Purchasing Alliance;
- Hospital Purchasing Services;
- National Intergovernmental Purchasing Alliance;
- Education and Institutional Cooperative Services;
- Indiana Charter School Association;
- Greater Indianapolis Chamber of Commerce;
- Indianapolis Metropolitan High School;
- School Employees Benefit Trust;
- RIS Paper Company;
- US Communities;
- A neighboring school for bus repairs;
- Purchase agreement with Pepsi;
- Local youth agencies and hospitals;
- City of Whiting, Whiting Public Library, and School City of Whiting Shared Services Agreement; and
- Ohio Valley Purchasing Consortium.

Overall, the most common organizations/entities in which cooperative arrangements existed were:

- Employee insurance
  - SEBT (School Employees Benefit Trust);
  - Central IN SEIT;
  - Greater Randolph insurance consortium;
  - Southern IN School Trust;
  - North Central IN School Insurance Consortium;
  - WVWCI Trust;
  - SISIC;
  - East Central IN School Insurance Trust;
  - South Central IN School Trust; and
  - Porter Co. Employees Insurance Trust.
- Food Service Commodities/Supplies
  - EVSC/Evansville/Vanderburgh Co. Cooperative Purchasing Organization;

- Gordon Food Service;
  - HPS;
  - Unified Purchasing Cooperative;
  - Central IN Commodity Cooperative;
  - SW Indiana Food Cooperative; and
  - Hospital Purchasing Service.
- Capital Expenditures
  - US Communities;
  - NIESC;
  - US Communities; and
  - State bid.
- Audio Visual
  - Service Center;
  - State QPA; and
  - Unified Purchasing Cooperative.
- Utilities
  - MEGA;
  - NEC;
  - Maverick Energy;
  - Proliance;
  - East Central IN Natural Gas Cooperative;
  - North Central Energy Cooperative; and
  - Kankakee Valley REMC.
- Maintenance Supplies
  - Sodexo
- Banking/Financial Services
  - IN Bond Bank
- Communication Services
  - State QPA
- Other Insurance and Benefits
  - MASE; and
  - ESCRAFT
- Vehicle Supplies/Maintenance
  - CPAFW; and
  - State QPA
- Office Supplies and Equipment
  - State QPA
- Technology and Connectivity
  - State QPA

### *Estimated Cooperative Savings*

Schools were asked to provide an estimate of savings based on the type, whether Vocational, Special Education, or an Arrangement with a school or other entity. Results indicated good savings. After verifying a few of the higher numbers, it was determined that some schools supplied an incorrect number by trying to include cents in the reported

number. For cooperatives, the savings ranged from \$1,000 to \$2.9 million, depending on the cooperative type. Vocational Education Cooperatives and Special Education arrangements reflected the most savings for schools. Additionally, other arrangements, school corporation arrangements, and government entity arrangements yielded savings.

### **Additional Comments**

School corporations were afforded the opportunity to offer general comments related to 2009-2010 consolidated purchasing arrangements. The following comments were offered:

- The School Corporation has been a long time member of cooperative agreements which provide vocational and special education services as well as health insurance. As we have pooled resources with other school corporations, we have successfully shared services and avoided expenses that we would otherwise incur without such agreements. Over the years, our ability to locally decide our cooperative members has kept us competitive with respect to cost and the level of service offered.
- We still do quite a bit of independent purchasing because we can get a better price locally.
- The school uses the East Central Service Center to monitor costs of supplies and equipment. We get three quotes on any purchases more than \$5000 and find that usually we can negotiate a better deal than what is available through the Service Center or State purchasing.
- Most items are competitively quoted at the time of purchase to insure the best pricing is received.
- US Communities also offers governmental entities significant savings with zero dollar participation cost.
- Purchases through Hospital Purchasing Services for our Food Service program save over 10% annually. Somewhat difficult to estimate savings as I don't track some purchases versus what I might have been able to do by aggressive quoting.
- We belong to a consortium that negotiates natural gas prices. We believe we do receive savings due to the efforts of this organization; however, the amount of the savings is indeterminable.
- School corporations purchase a majority of supplies (instructional material, copy paper, etc.) & equipment at a substantial savings compared to prices available through our Education Service Center, Co-op Purchasing Alliances, and the State QPA. These discounts are achieved by aggressively pursuing quotes on small purchases and using a competitive bid process even when not required by statute.
- It is difficult to estimate the savings in the major areas such as special services and vocational educational. We know it would most likely cost us more to hire directors and to contact out for certain positions like speech therapist. Vocational Education would be prohibitive to build the facilities and hire the teachers to cover the programs.
- We try and utilize the service centers as much as possible for cost savings. We also use their prices to negotiate lower prices as much as possible as well.

- Other than using the Wilson Center, we typically get quotes for the best price on items. We will use the State QPA whenever possible.
- We are eagerly searching out as many cooperative purchasing opportunities as possible. Being such a large district, in many cases we drive the price and our partners benefit from the savings we can produce. We are looking to combine our large buying power with that of other larger City and County departments to spark greater savings and also expand our scope as we pursue new contracts. I am new to this position, and although we have taken a lead in Cooperative purchasing, I have not been able to find records documenting much of our savings. This is one of my main priorities in my new position. We have also went to Just in time delivery of items reducing the amount of warehousing that we must pay for and maintain incurring savings in utilities, delivery, and administrative work.
- We use the Northwest Indiana Education Service Center for a large portion of our purchases. Other expenditures that are independently purchased are through competitive quotes or bids. Our Insurance Trust has saved us a substantial savings of 40% for health and 33% for life insurance premiums. Our Special Education and Vocational Education cooperative county wide provides our students with services that could not be provided unless we worked together as a cooperative. These services can not be measured in savings but in the success we attain from the programs for our students. Estimate of savings for Special Ed and Vocational are a rough estimate. Our Natural Gas Cooperative is a hard value to report because of the hedging that is involved to save money over more then a year's time. There is a savings in these purchases but again are hard to measure.
- Our bulk purchases have been through the Educational Service Center. The prices have been very good. We have also purchased vehicles through the state QPA. Most recently (July 2010) we have purchased school buses through the CIESC.

### *Conclusion*

Education Service Centers continue to expand, explore and modify product and service offerings in the educational marketplace each year in response to member requests and legislative changes. In doing so, its membership continues to grow as it serves an important function for Indiana school corporations. Today, a majority of school corporations belong to one of the nine ESC located throughout Indiana.

The current economy serves as an on-going incentive and reminder for schools to pursue products and services using an Education Service Center, a shared service arrangements, consolidated purchasing, or its own buying and negotiating power to address fiscal challenges while funding programs and services. The need for these practices will continue grow in the coming years as School officials strive to operate more effectively and efficiently in these challenging economic times.